


Credit and Charge Cards





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Credit cards generally allow consumers to run a balance from month to month. Charge cards generally require full payment of the balance each billing period. Here are the most common types of each.

Credit Cards	Charge Cards
<p>Bank Cards</p> <ul style="list-style-type: none">• All-purpose cards are accepted by a wide variety of merchants• Issuers are generally licensed with franchised credit payment organizations such as MasterCard or Visa• Credit limits and terms, interest rates, and fees vary from issuer to issuer <p>Reward Cards</p> <ul style="list-style-type: none">• Card use creates a reward (e.g., airline miles, discounts at select merchants, or cash rebates)• Affinity cards donate a portion of the reward to a partnering organization (e.g., a charity, college, or professional group)• Rewards may be limited (e.g., cap on amount, discount expiration dates)• Often have relatively high annual fees and interest rates <p>Secured Cards</p> <ul style="list-style-type: none">• Require a deposit on account with the issuer as collateral• Generally offer credit limits of 50% to 150% of the amount on deposit• Often have high interest rates and fees, low credit limits• Can sometimes be converted to unsecured cards after a period of satisfactory payments• Can be used to (re)establish a positive credit history	<p>Travel and Entertainment Cards</p> <ul style="list-style-type: none">• Examples of issuers are American Express and Diners Club International• No preset spending limits• Usually require payment of entire balance each month, no interest charges• Traditionally have offered attractive benefits for travel and entertainment• Often have relatively high annual fees• May not be as widely accepted as bank cards  <p>Merchant Cards</p> <ul style="list-style-type: none">• May be used only with the issuer (e.g., department store, oil company)• Relatively easy to obtain• Often carry low credit limits, high interest rates• Issuer often retains right to repossess purchased merchandise if you default• May offer discounts on purchases

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